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ENTERGY TEXAS INC.'S STATEMENT
OF INTENT AND APPLICATION FOR
APPROVAL OF TWO NEW VOLUNTARY
RENEWABLE TARIFFS, RIDER SVRO
AND RIDER LVRO

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PUBLIC UTILITY COMMISSION
OF TEXAS

**PUBLIC COMMENTS OF SIERRA CLUB AND PORT ARTHUR COMMUNITY ACTION
NETWORK REGARDING NEED TO IMPROVE ENTERGY'S PROPOSED VOLUNTARY
RENEWABLE ENERGY TARIFFS, TO BROADEN ACCESS AND BUILD OUT COST-
SAVING CLEAN ENERGY SOLUTIONS**

Sierra Club and the Port Arthur Community Action Network respectfully submit these public comments for the Commission's consideration in the above-captioned proceeding. Sierra Club is a 501-C-4 membership organization with a mission to enjoy, explore and protect the planet, and an organizational goal to move toward a sustainable future, in part by expanding the use of and access to clean energy sources that do not contribute to climate change or harm public health. Increasingly, especially in a state like Texas with abundant renewable energy potential, clean energy also means low-cost energy. Sierra Club's state chapter in Texas, the Lone Star Chapter, has more than 26,000 members throughout Texas. In the Entergy Texas territory, our local group is known as the Golden Triangle Group, which has 167 members and is active on many issues, including promotion of affordable clean energy solutions.

The Port Arthur Community Action Network, or "PACAN", is an **environmental justice advocacy and community development organization**. PACAN is a 501(c)(3) certified, community based non-profit serving the City of Port Arthur, TX and surrounding areas. PACAN and its membership is located within the Entergy Texas territory.

Sierra Club was pleased that Entergy Texas has applied to the Public Utility Commission to begin two new voluntary tariffs aimed at increasing access to renewable energy. We offer these brief comments on ways that Entergy Texas and the Commission can make these programs more effective, and grow the generation and use of low-cost renewable energy in Entergy Texas's service territory.

Under the Commission's proposed procedural schedule, those seeking intervention status must submit the request by March 17, 2022. Sierra Club and PACAN have an interest in the successful implementation of renewable programs and renewable tariffs, but at this point are not seeking to intervene formally as a party in the proceeding. Nevertheless, we are submitting these comments several days before the March 25, 2022 deadline for staff and intervenor comments, with the hope that the issues we are bringing up can be addressed in Docket 53153, or if not, in a future docket. Sierra Club is pleased

to offer these comments on behalf of its Lone Star Chapter and, within that, the local Golden Triangle Group, and PACAN on behalf of its membership in the Port Arthur area. Sierra Club and PACAN hope to attend a future hearing or meeting in this docket that may allow for public comment. Sierra Club and PACAN would appreciate a public, written response to these comments at some point in this proceeding.

I. ENTERGY SHOULD AMEND OR SUPPLEMENT ITS PROPOSAL TO REQUIRE AN ANNUAL TRUE-UP OF ALL COSTS AND BENEFITS, TO INCLUDE REAL INVESTMENTS IN ENTERGY'S TEXAS TERRITORY, AND TO CONSIDER HOW TO INCORPORATE CUSTOMER-SITED SOLAR

In its proposals, Entergy Texas seeks authority to begin two new voluntary renewable programs. Specifically, the Company states:

"ETI requests approval to implement two voluntary green pricing options, Riders SVRO and LVRO. Both Riders are voluntary offerings that give customers the ability to match some or all of their monthly electricity usage with renewable energy credits ("RECs") that are purchased by ETI and retired on the customer's behalf. The Company has developed these green pricing options in response to interest received from ETI customers, including larger customers seeking more renewable options from the Company to help meet their corporate sustainability goals. These voluntary green pricing options are also consistent with ETI's commitment to a cleaner, sustainable energy future while maintaining reliability and affordability. Through participation in these proposed Riders, ETI customers will be able to match up to 100% of their annual energy usage with energy produced by renewable resources, which, in turn, would allow a customer to state that they are supporting the use and deployment of renewable resources and reducing Scope 2 emissions accordingly.² Participation in either Rider SVRO or Rider LVRO and the charges assessed under the respective Rider would be in addition to the charges paid by customers under their otherwise applicable rate schedules and riders. Through these Riders, ETI has sought to design green pricing options that will garner robust participation from interested customers, while not affecting customers who do not wish to participate.

ETI will administer these green pricing options by purchasing and then retiring the RECs associated with Riders SVRO and LVRO, and providing assistance with customer enrollment, customer education, and Green-e® certification. As described in the Direct Testimony of Anastasia R. Meyer filed in support of this Statement of Intent and Application, RECs purchased or generated for customers participating in Riders SVRO and LVRO will be Green-e® certified, which allows the renewable energy sourced by ETI to be validated as being: (a) sourced from facilities that meet quality criteria that have been endorsed by a diverse stakeholder group; (b) marketed transparently and honestly; and (c) delivered exclusively to the purchaser of the REC (i.e., that the renewable attribute of the generation is not double-counted). Through Green-e® certification, ETI will be able to further define the resources used and create an offering that meets its customers' needs. ETI expects to initially source RECs for Riders SVRO and LVRO by purchasing RECs through the market."

In its proposal, Entergy Texas states that, for average residential customers using 1,000 KWhs per month, voluntarily purchasing 100% of their energy through RECs would lead to an expected additional charge of \$10.10 per month. Similarly, those choosing either 25% or 50% renewable energy would be charged \$3.83 if subscribed at the Tier One level, or \$6.35 if subscribed at the Tier Two level.

The commercial LVRO is less clear, but essentially the monthly charge for the commercial Rider LVRO will be equal to the monthly amount of kWh corresponding to the participating customer's LVRO Energy times the applicable \$/kWh Monthly Rate (which includes the cost of REC procurement, and program costs for Green-e® certification). Thus, it is expected that commercial customers wanting to cover their energy use with REC purchases would also be assessed a tariff that would increase the cost for participants by a small amount over the “normal” tariff for their class.

Sierra Club and PACAN agree with Entergy Texas that RECs can be a good way to incentivize the use of renewable energy. RECs are financial instruments used to represent electricity generated from renewable sources. RECs can be sold separately from the electricity with which they were originally associated. An entity that “retires” a REC – or takes it out of circulation – is legally allowed to claim the use of that amount of renewable energy, even if they are buying electricity from the normal grid. RECs are uniquely identified, and their exchange and retirement is tracked to ensure proper use. Importantly, Entergy Texas would utilize the Green-E certification process, which is an industry standard.

RECs, whether purchased to facilitate compliance with legal mandates or purchased voluntarily, provide important financial support to renewable energy projects. RECs are among several policy and market tools that have facilitated renewable energy’s remarkable transition.

Nonetheless, there are limits to the benefit of RECs. Achieving a transition to 100% renewable energy requires moving energy from the places where it is generated to the places where it is used, and RECs do not guarantee that will happen. Simply purchasing the cheapest available RECs on the market – as opposed to buying RECs from a specific project and/or through a long-term contract – does not address these challenges.

In addition, the purchase of RECs alone does not guarantee that renewable energy projects will be built and supported *locally*. Short-term contracts or non-contracted REC purchases (which often mean lower REC prices) mean less revenue certainty for renewable energy projects and less impact on local grids, where new renewable energy capacity would have the biggest impact. Local sources of renewable energy do not rely on long-distance transmission, and thereby reduce the energy losses that occur as power is transmitted over hundreds of miles from the location where it is generated to the place where it is used.

Further, the transition to 100% renewable energy will require a range of technologies and strategies, some of which RECs were not designed to support. RECs do not traditionally include energy efficiency programs or energy storage technologies. RECs alone will not

lead to the changes to help Entergy Texas pave the way for a transition to their stated goal of reaching zero carbon by 2050. To do this, they will need to have programs to reduce energy use, and utilize storage facilities.

Thus, Sierra Club and PACAN have some basic questions and concerns about the Entergy Texas proposal:

1. The proposal does not make clear where the RECs would be purchased from. In other words, are the RECs related to projects within the Entergy Texas service territory, anywhere within the wider Entergy service territory (i.e., Louisiana, Texas, Arkansas and Mississippi, in addition to Texas), or within the MISO grid in general? There is a reference in the direct testimony of the purchase of Texas RECs, but this does not clearly answer the question. If ETI intends to purchase Texas RECs, it means the vast majority of those RECs will be purchased from generators operating in the ERCOT market. In this way, the purchase of Texas RECs in no way assures that RECs purchased to cover the energy use of enrolled customers are actually generated in a way that could actually serve those customers. Sierra Club and PACAN think the program should be designed to purchase RECs from generators located within a service territory that could physically serve Texas-based Entergy customers. Otherwise, the program will serve to provide an incentive to renewable energy generation that will not ultimately directly benefit Entergy Texas service area.
2. It is unclear how Entergy Texas came up with the proposed tariff and how that tariff may be adjusted in the future. While it is true that many utilities do charge slightly more for a renewable energy product to cover the costs of running those programs and purchasing RECs, there are times when renewable energy is the cheapest resource on the market. The program should be designed to capture those cost savings to consumers. In the same way that it would be inappropriate for those wishing to “go green” and sign up for the voluntary tariff to be subsidized by ratepayers not choosing to join the program, it would also be inappropriate for Entergy Texas to charge customers more than the cost of administering the program, buying the RECs, and other associated costs. Sierra Club appreciates that Entergy Texas would conduct an annual true-up of the REC purchase costs versus the revenues generated to Entergy from the subscribers, but we suggest that the entire program costs and benefits be assessed each year. To the extent that the program does include actual renewable projects built to serve Entergy Texas’s load, the impact of the tariffs on the ability to operate those plants should be considered. In this way, the Commission and the utility would authorize a voluntary tariff that is adjusted on a yearly basis depending on the cost of RECs, the revenues to Entergy Texas, and other program costs.
3. Entergy Texas should consider a program that does not rely solely on RECs but on actual development and investment in clean energy. While we understand that this is intended to be a Green Pricing and not a Green Tariff or Green Procurement program, we urge Entergy Texas to consider a program that allows for the purchase of RECs from projects in which it has interest. Thus, Entergy Texas should consider not only purchasing RECs from third parties, but also using other means to incentivize local clean energy generation as part of this program. As an

example, in recent years, Entergy Texas has sought to build utility-scale solar plants in its territory either through Build, Operate, Transfer or Power Purchase Agreements with a third party. We think in either case, Entergy Texas should consider utilizing the RECs generated through BOTs or PPAs of these or other future renewable projects as part of this program. In this way, the program would help incentivize new clean energy generation which is part of Entergy Texas long-term sustainability plan.

Many vertically integrated utility companies, in Texas and elsewhere, have recently begun operating a community solar model, where individuals voluntarily sign up to own or lease a portion of a solar power plant that is located in the community, or near the community. Often, these are utility-scale plants that are not as large as transmission-level solar plants, but may be located on the distribution grid, or even be located on large commercial or municipal roofs. Sierra Club and PACAN believe that Entergy Texas could explore a community solar model as part of this program, that would allow customers to lease or own a portion of the solar plant, and receive credit for the energy (i.e., RECs). Community solar plants have lower transmission costs and losses, and often avoid some of the larger interconnection costs associated with larger, more remote utility-scale plants.

Many public energy utilities, not to mention a few private entities, have expanded the types of programs they are offering residential customers that in some cases avoid issues of reduced revenue or potential issues of cross-subsidization. These include solar roof leasing programs, community solar programs and “shared” multi-family solar programs.

According to data from the North Central Texas Council of Governments and information collected by Sierra Club, by the end of 2019, there were 14 public and private utilities that had developed or were in the process of developing a community solar program in Texas.¹ In all these utilities were providing 18 separate projects and about 65 MWs of solar energy. Most of these community solar models were developed in the muni and co-op markets, while five projects were being offered by four REPs in the retail choice markets. A single investor-owned utility, El Paso Electric, was offering a project outside of the ERCOT market. Both the muni and co-op markets and the retail choice markets offer their customers various ways to subscribe to community solar programs. Most of the projects developed in Texas adopt “pay-as-you-go” (PAYG), which is a subscription model where customers pay a certain rate per kWh or per month for solar energy. PAYG subscriptions can replace a customer’s electricity rate for consumption or can be associated with a specific level of generation that is netted with consumption.

A few projects offer a subscription model called “pay-upfront” (PUF), where customers pay the upfront cost for solar capacity and receive a monthly bill credit for the agreed term. Only one project by El Paso Electric adopts loan/lease (LL), where customers pay monthly payments based on the amortized upfront cost of solar capacity and receive monthly bill credits for the agreed term.

¹ Information accessed from NCTCOG, <https://www.gosolartexas.org/community-solar>.

CPS Energy in particular has expanded both its community solar program and a no-upfront-cost solar roof leasing program. Both of these programs allow members of the public to have access to solar power and benefits at reasonable costs. Full information can be found here on their latest program, which involves leasing portions of carports: <https://go.bigsunsolar.com/cpsenergypostcard/>. Under this program, residential ratepayers can get access to solar, own it, and get a credit on their bill every month.

Under the solar roof hosting program (<https://www.solarhostsa.com/>), both residential and commercial ratepayers with appropriate roof space pay no upfront cost and are credited 3 cents per kilowatt hour generated by the solar panels on their bills for hosting the solar power.

Austin Energy also offers a community solar program, which replaces the normal Power Supply Adjustment (fuel) charge with a Community Solar Adjustment. The Community Solar rate is slightly higher than the normal power rate, though a lower rate is available to customers who qualify under the Community Assistance Program (<https://austinenergy.com/ae/green-power/solar-solutions/for-your-home/community-solar>).

A new program in Austin called the Multifamily “Shared” Solar Program (<https://austinenergy.com/ae/green-power/solar-solutions/for-your-multifamily/mf-shared-solar>) allows owners of multi-family complexes to install solar on their roofs, and then provide access to the power to the renters through a “virtual” Value of Solar rate. In other words, there is no need to separately meter each panel and provide the benefits to individual renters, but apportion an amount of the solar system to each apartment. This helps to lower costs for solar on multi-family projects and allows renters access to solar power and to the residential Value-of-Solar Rate.

Other public entities like Pedernales Electric Cooperative, Farmers Electric Cooperative and Co-Serve Electric have also recently begun community solar programs.

Encouraging the development of local solar options through community solar and onsite models is one way to grow cost-effective clean energy in Texas that can directly benefit communities and local job creation.

Finally, the program does not consider how customer-sited renewable energy could play into the program. In other words, local rooftop solar (or wind) at the residential or commercial building also could be incorporated into the program by allowing the RECs generated and sold to the community. Thus, Entergy Texas could consider either giving customers credits for the renewable energy they generate or purchasing those credits for use in the program. This would serve to create an incentive for local customer generation. Because Entergy Texas does not currently offer an incentive or rebate program for solar, allowing these customers to participate in the program would in essence be a market-based approach to increase local renewable resources in the area.

II. CONCLUSION: Entergy Texas and the Commission must consider changing the proposal to address future costs, incorporate PPAs and community solar models, and consider how local customer-sited generation could be incorporated into the program

In sum, Sierra Club and PACAN support the efforts of Entergy Texas to explore new tariffs, such as this green pricing option, to encourage the development of clean energy in Texas. However, the proposed tariff relies solely on REC purchase, and is not specifically tied to the Entergy Texas service area, which means the vast majority of RECs are likely to be purchased from projects either serving the ERCOT or SPP Markets, as opposed to the MISO market in which Entergy operates. We suggest limiting the REC purchases to only those RECs from projects that could actually serve Entergy Texas customers. In addition, we suggest considering including RECs from actual projects in which Entergy Texas invests, either now or in the near future. As an example, if Entergy Texas were to include RECs generated from future projects it is planning in Liberty and Hardin counties, or were to include a community solar option, the benefits of the program could be expanded. Also, Entergy Texas should consider adding local customer-sited solar to its green pricing program, so customers could either get credit for offsetting their energy use with local solar, or even be paid a REC price for locally-generated renewable energy.

Sierra Club and PACAN do support an annual true-up of the costs of the REC purchases versus the revenues, but suggest a wider look at all costs and benefits, especially if the program does include a green procurement requirement.

Sierra Club and PACAN welcome any questions and stand ready for a productive dialogue with the Commission, Entergy Texas, and any other stakeholders. As noted, Sierra Club and PACAN look to attend a future hearing or meeting in this docket that may allow for public comment. Sierra Club and PACAN also respectfully request a public, written response to the foregoing at some point in these proceedings.

Sincerely,

Ellen Buchanan

Chair, Golden Triangle Group, Sierra Club

ellenbuchanan@sbcglobal.net

Cyrus Reed

Conservation Director, Lone Star Chapter

cyrus.reed@sierraclub.org, 512-888-9411 (Office)

John Beard, CEO

Port Arthur Community Action Network (PECAN)

john.beard901456@outlook.com